

Sec. 43. This Act, being deemed of immediate importance, shall take effect and be in force from and after its publication in The Des Moines Register, a newspaper published in Des Moines, Iowa, and in The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa.

Approved June 30, 1977

I hereby certify that the foregoing Act, House File 634, was published in The Des Moines Register, Des Moines, Iowa on July 9, 1977, and in The Cedar Rapids Gazette, Cedar Rapids, Iowa on July 8, 1977.

MELVIN D. SYNHORST, *Secretary of State*

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## CHAPTER 2 SCHOOL FUNDING

S. F. 415

AN ACT relating to school funding providing for a repeal of the maximum school district property tax and elimination of the guarantee state aid provisions and an appropriation to provide school district loans and repayment.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section four hundred forty-two point nine (442.9), subsection one (1), paragraph c, Code 1977, is amended to read as follows:

c. The amount to be raised by the additional school district property tax levy is equal to the district cost for the budget year, less the product of the state or district foundation base and the weighted enrollment. ~~However, said amount shall be adjusted in accordance with the maximum levy provided in section 442.10.~~

Sec. 2. Section four hundred forty-two point thirteen (442.13), subsection six (6), Code 1977, is amended to read as follows:

6. If a nonpublic school closes wholly or in part, the committee may authorize an increase in the district general fund tax levy ~~beyond the maximum permitted by section 442.10,~~ but only to the extent necessary to cover the cost of absorbing the former nonpublic school pupils into the public school system. The school board shall establish the amount of necessary increased cost to the satisfaction of the school budget review committee before an increase in tax levy is authorized.

Sec. 3.

1. There is created a guaranteed state aid loan fund for the school year beginning July 1, 1977, and ending June 30, 1978. The loan fund shall be used to finance loans to school districts for the school year beginning July 1, 1977, to be repaid during the school year beginning July 1, 1978 or in subsequent years under extended repayment procedures. Funds appropriated to the state aid loan fund shall be distributed to local school districts applying to the state comptroller upon forms provided by the state comptroller for a loan for the school year beginning July 1, 1977, and ending June 30, 1978. School districts may apply for a loan from the state aid loan fund in an amount equal to or less than the difference between the district cost for the budget year beginning July 1, 1977, and the sum of that amount received by the district in state school foundation aid under the provisions of chapter four hundred forty-two (442) of the Code, plus that amount raised by a school district from a tax levy rate equal to the school district's general fund levy for the school year beginning July 1, 1970.

2. Notwithstanding the limitations on the amount a school district can raise for the budget year imposed by the limitations of district cost under the provisions of section four hundred forty-two point nine (442.9) of the Code, a school district may levy an additional property tax to raise an amount during the school year beginning July 1, 1978 to repay the loan from the guaranteed state aid loan fund. Each school district shall repay either during the school year beginning July 1, 1978 or over a period not exceeding five years an amount equal to the loan received by the school district from the guaranteed state aid loan fund for the fiscal year beginning July 1, 1977. A school district electing extended repayment procedures may raise an amount above district cost for each school year in the period beginning July 1, 1978 and ending June 30, 1983 equal to the loan repayment amount for each school year.

3. Unless a school district elects extended loan repayment procedures the state comptroller shall reduce the state school foundation aid a school district is otherwise entitled to receive for the budget year beginning July 1, 1978, and ending June 30, 1979, by the amount the school district received as a loan for the school year beginning July 1, 1977 from the guaranteed state aid loan fund. If the amount the school district is otherwise eligible to receive in state foundation aid for the budget year beginning July 1, 1978 and ending

June 30, 1979, is less than that amount required to be repaid as a loan from the guaranteed state aid loan fund for the school year beginning July 1, 1977, the school district shall pay the deficiency to the state comptroller during the budget year beginning July 1, 1978. Funds deducted or received by the state comptroller in repayment of loans from the guaranteed state aid loan fund shall revert to the general fund upon deduction or receipt by the state comptroller. A school district receiving a loan for the school year beginning July 1, 1977, which must be repaid in the following school year may elect extended loan repayment procedures if the school district must repay an amount greater than fifty thousand dollars during the school year beginning July 1, 1978. A school district electing to make extended loan repayments shall make equal annual loan repayments of that amount borrowed from the guaranteed state aid loan fund over the period of years elected for loan repayment. Each annual loan repayment shall be deducted by the state comptroller from the state foundation aid the school district is eligible to receive for each school year and any deficiency shall be paid by the school district to the state comptroller commencing with the school year beginning July 1, 1978 and terminating with the school year ending the period elected for loan repayment.

Sec. 4. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1977, and ending June 30, 1978, an amount necessary for loans from the guaranteed state aid loan fund established by this Act to be used as provided in this Act.

Sec. 5. Sections four hundred forty-two point ten (442.10) and four hundred forty-two point eleven (442.11), Code 1977, are repealed.

Sec. 6. This Act shall take effect and be in force on and retroactive to July 1, 1977, after its publication in The Des Moines Register, a newspaper published in Des Moines, Iowa, and in the Iowa City Press-Citizen, a newspaper published in Iowa City, Iowa.

Approved July 11, 1977

I hereby certify that the foregoing Act, Senate File 415, was published in The Des Moines Register, Des Moines, Iowa on July 18, 1977, and in the Iowa City Press-Citizen, Iowa City, Iowa on July 16, 1977.

MELVIN D. SYNHORST, *Secretary of State*